

# Investing Federal Recovery Act Funds in Iowa



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*Presented to:*

**Governor Chester J. Culver and Lt. Governor Patty Judge**

**October 14, 2009**

## **Memorandum**

To: Governor Culver and Lt. Governor Judge

From: Iowa ARRA 1512 Reporting Team

Jon Murphy, Iowa Office for State-Federal Relations

Teresa Hay McMahon, Iowa Department of Management

Calvin McKelvogue, Iowa Department of Administrative Services

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Re: Overview of the ARRA Progress Report and 1512 Reporting

Date: October 14, 2009

Governor Culver and Lt. Governor Judge:

Per your instruction, we have completed a comprehensive review and progress report relating to Iowa's implementation of the American Recovery and Reinvestment Act (ARRA). This report is the third quarterly report we have submitted to you since the ARRA was passed by Congress and signed by the President on February 17, 2009. This report also serves as the first quarterly report to the federal government as mandated by the ARRA. Data related to this report will be posted within the next few days on [www.recovery.iowa.gov](http://www.recovery.iowa.gov). It will also be posted on [www.recovery.gov](http://www.recovery.gov) by October 30.

### **Overview**

This quarterly report provides data on the expenditure of nearly \$269 million dollars of ARRA funds in Iowa. The two largest contributors to that figure are the education State Fiscal Stabilization Fund (SFSF) at \$88.4 million and funding for highway projects at \$119.9 million

To date, ARRA expenditures in Iowa reported through state government have created or saved 4,434 jobs. This figure represents only those jobs that were created or saved with ARRA funds that flowed through state government. It is also important to note this figure does not represent those jobs considered "indirect" or "induced" due to ARRA funds.

The most significant number of jobs created or saved are related to the education State Fiscal Stabilization Fund (SFSF), which created or saved 2,463 jobs in school districts throughout Iowa. Funding for highway transportation projects created or saved 921 jobs.

## Background

On October 10, 2009, the State of Iowa –along with every other recipient of ARRA funds – submitted a detailed report to the federal government on the expenditure of ARRA funds. This report, known as a “Section 1512” report, provides information on ARRA expenditures from a variety of sources within state government, various sub-recipients and vendors throughout the state. The State of Iowa is a centralized reporting state and therefore collected information from all agencies, recipients and vendors of ARRA funds that flowed through any state agency or institution. In total, data from 3210 ARRA awards was requested for this report.

This report included information on 194 “top level” awards that totaled over \$269 million in expenditures. Please note that the data submitted through the Section 1512 reporting system was not exhaustive and did not include several significant ARRA expenditures within the state. Because of Office of Manage and Budget (OMB) reporting guidelines, some of the biggest recipients of ARRA funds in this reporting period – including entitlement programs -- are exempt from the Section 1512 reporting process. These exempt funds include the Federal Medicaid Assistance Percentage (FMAP) program, which represents nearly 39% of all of Iowa’s ARRA expenditures to date. Although these funds were not included in the Section 1512 report submitted by the State, the expenditure levels are available for review at [www.recovery.iowa.gov](http://www.recovery.iowa.gov) . This web site houses a more detailed and comprehensive overview of ARRA programs, including those exempt from 1512 reporting.

As reported on [www.recovery.iowa.gov](http://www.recovery.iowa.gov) , the State has estimated it will receive nearly \$2.5 billion over the course of the ARRA. This site also details that Iowa has expended, obligated or appropriated nearly \$1.65 billion (66%) to date. Of the \$1.65 billion, approximately \$614.17 million (28%) has been expended. The difference between what is in the 1512 report and what is on the web site is the result of several factors, including:

- Several major ARRA programs are exempt from the 1512 reporting.
- The 1512 report includes only those expenditures as of 9/30/2009.
- The web site includes funds from several demand-based programs (e.g. Supplemental Nutrition Assistance Program -- SNAP); formula programs (e.g. federal highway funding), as well as results and estimates from competitive programs (e.g. Broadband Technology Opportunities Program).

## Jobs created/saved

The Section 1512 report includes data pertaining to jobs created and jobs saved in Iowa by ARRA funding. Initial analysis of the data collected to date shows that ARRA created or saved 4,434 jobs. This number will change as additional analysis is performed and input is received from the federal government during the data reconciliation process. A more complete and detailed number of jobs created / jobs saved will be available on October 30 on the [www.recovery.gov](http://www.recovery.gov) web site after the entire

collection and reconciliation process is completed. This number will include those jobs created or saved with ARRA expenditures other than those that flowed through state government. A summary of the calculation of jobs created and saved is available in Appendix A.

Only jobs that were actually “paid for” by ARRA funds can be calculated in the jobs saved/jobs created measurements. The Council of Economic Advisors (CEA) does a more macroeconomic job analysis that provides more depth than the raw numbers required of the 1512 reporting and includes jobs that are both “indirect” and “induced” by ARRA funding. Because of the ability to factor for “induced” and “indirect” jobs, CEA jobs numbers are generally more robust than those reported by states in the 1512 report. In fact, the CEA recently estimated that ARRA funds impacted 11,000 jobs in Iowa. CEA produces ARRA jobs analysis on a quarterly basis.

### **Iowa’s 1512 Reporting System**

To accomplish the task of Section 1512 reporting, the State of Iowa created a reporting system that allowed for “primary recipients” of ARRA funds (generally state agencies and Regents institutions) to delegate reporting information to sub-recipients or vendors. This was done to assure consistency in the data reported by the State and to limit the potential duplication of data. The reporting system was created and administered through the Iowa Department of Management with technical support by the Iowa Department of Administrative Services, Information Technology Enterprise.

The data provided in Iowa’s 1512 report was for state expenditures only and did NOT include information on any ARRA funds that may have gone directly to individuals, local governments, companies, or any other entities that are not part of state government. Therefore, the data reported over the course of this first reporting period is a limited view of the total ARRA funding received in the state. While this preliminary data provides an initial look into the impact of ARRA on Iowa jobs numbers, it is necessary to reiterate that this data is preliminary and expected to change as state agencies receive updated information from their sub recipients and vendors.

In the coming days, all data reported in Iowa’s 1512 report will be available on the [www.recovery.iowa.gov](http://www.recovery.iowa.gov) web site. The data submitted to the [www.federalreporting.gov](http://www.federalreporting.gov) web site will be accumulated, validated and reconciled by the federal government and, if needed, additional information will be requested from recipients. After October 21, the federal government will organize the data and prepare to publish it. A complete national ARRA report will be available on October 30 at [www.recovery.gov](http://www.recovery.gov).

### **Future Reports**

The next 1512 report will be sent to [www.federalreporting.gov](http://www.federalreporting.gov) on January 10, and 10 days after the end of the quarter for every quarter thereafter.

## **Conclusion**

This report represents an unprecedented attempt by the State to provide data on the expenditure of federal funds to the public. As noted by Recovery Accountability and Transparency Board (RATB) Chairman Earl Devaney in his October 13, 2009 “Chairman’s Corner” message, this process is far from perfect at all levels of reporting (<http://www.recovery.gov/About/chairman/Pages/Oct13.aspx>). Future reports will improve on this process. Increasing transparency and accountability of ARRA funds will continue to be the top priority of the Iowa ARRA Coordinating Team.

## Appendix A

### Summary of Job Count Calculation

Every report that provided job information has a start work date and an end work date. The Office of Management and Budget (OMB) guidelines to determine the number of jobs created or saved mandates FTE equivalent job counts. If two part-time jobs totaled 40 hours per week, one FTE was created. The job counts provided indicate the total number of FTE equivalent jobs funded as a result of the ARRA expenditures. The person responsible for submitting the report reported these numbers.

### Basic Calculation

$$FTE\ Count = \frac{\text{Cumulative Hours Worked}}{\left( \frac{\text{Number of Days Reported}}{\text{Days Per Week}} \right) * 40\ \text{Hours Per Week}}$$

To calculate the FTE Count, take the reported cumulative hours worked divided by the number of days reported during the report period divided by 7 days per week times 40 hours per week for every report.